

ARIZONA DEPARTMENT OF TRANSPORTATION

Section 5311 Guidebook

Grant Guidelines

Rural Public Transit Program

FFY 2015 Funding Cycle

Reimbursement Period Beginning October 2015



December 2014

FTA Grant Section 5311 – Formula Grant for Non-Urbanized Areas

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PART I. OVERVIEW

A. INTRODUCTION

The Multimodal Planning Division (MPD) of the Arizona Department of Transportation (ADOT) administers the Federal Transit Administration (FTA) Formula Grants for Rural Areas Program commonly known as the Section 5311 Program or as the Rural Public Transit Program. This program provides funds for public transportation and intercity bus projects serving rural areas. The purpose of these funds is to address the mobility needs of Arizona’s rural population. Section 5311 grants are intended to provide access to employment, education, health care, shopping, and recreation.

This guidebook is intended to inform the reader about the Section 5311 Program. It includes information on:

- The purpose of the program
- Who is eligible for the program and expectations of applicants
- Program administration
- Responsibilities of program participants
- How to apply for funding
- Support and resources available to program participants

B. PROGRAM UPDATES – NEW FOR 2015

The most current 5311 program circular can be found online at http://www.fta.dot.gov/legislation_law/12349_15693.html.

POLICY CHANGES (Effective December 2014)

POLICY SUBJECT	CHANGE
Charter Bus	Clarifies “Charter” definition allowing for greater flexibility for the use of transit vehicles. Charter is now allowable, see FTA CHARTER REQUIREMENTS Section for Exemptions (no reporting required) and Exceptions (reporting required as outlined).
School Bus	Clarifies “Tripper Service” definition, as allowable under FTA requirements. See SCHOOL BUS REQUIREMENTS Section.
Reimbursement Requests	Reimbursements will now be submitted through the E-grants program. Any exceptions will be identified by the Program Manager and must continue to be submitted to MPDInvoice@azdot.gov .
Vehicle Procurement	Vehicle procurements can be done using the ADOT contract or on a reimbursement basis. For ADOT procured vehicles, build sheet must be submitted prior to contract execution and local match must be submitted upon invoice. See PURCHASE OF VEHICLES Section.
ICAP	Indirect Cost Allocation Plan must be submitted with final budget and/or first reimbursement request (cc Program Manager). See ELIGIBLE PROJECT EXPENSE AND REVENUE CATEGORIES Section.

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Single Audit Threshold	The financial single audit threshold increased to \$750,000.00. See AUDITS OF STATE AND LOCAL GOVERNMENTS Section.
Preventive Maintenance	Preventive Maintenance will be considered under the Operating budget for purposes of calculating the Administration/ Operating ratio. Capitalizing will not affect the ratio. See PREVENTIVE MAINTENANCE in ELIGIBLE PROJECT EXPENSE AND REVENUE CATEGORIES Section.
Title VI Plans	Comprehensive Title VI Plans will be required from all Subrecipients prior to September 30, 2015. See CIVIL RIGHTS REQUIREMENTS Section. Training and assistance will be provided.
E-Grants	<p>E-grants is the on-line program for all Transit Applications submitted to the Arizona Department of Transportation. The system can be found at http://www.azdot.gov/egrants or https://egrants.azdot.gov. All users must register and be granted access.</p> <p>User Roles:</p> <ol style="list-style-type: none"> 1. <i>Organization Administrator</i>--The Organization Administrator is the person responsible for ensuring that their organization information and the users access stays current. If an employee leaves the Organization Administrator can remove their access. This role can perform all other functions allowable in the system including starting, writing, and submitting grants, reports, and reimbursement requests. 2. <i>Authorized Official</i>-- This role can perform all functions allowable in the system including starting, writing, and submitting grants, reports, and reimbursement requests. This role cannot modify or eliminate access for the organization in the system, but can do all other functions. 3. <i>Financial officer</i>-- This role can start, and write grants and reimbursement requests. (Financial Officers cannot submit grants, but can submit reimbursement requests.) 4. <i>Grant Writer</i>-- This role can start, and write grants. Grant Writers are limited to the application function. 5. <i>View access</i>—This role can see applications, but not any other portion of the system and cannot actively save to the system. 6. <i>Attorney</i>—This role was designed to allow an attorney access to the contracts for signature purposes. Attorneys can save and view the contracts. They also receive notices pertaining to the contracts, such as a completed contract when it is executed. Attorneys can see all of the application, and may be actively participating, but they cannot submit the contract or work on reimbursement requests.

C. CONTACT INFORMATION

For program and training related inquiries please contact: ARIZONA DEPARTMENT OF TRANSPORTATION Multimodal Planning Division 206 South 17 th Avenue, Mail Drop 340-B Phoenix, Arizona 85007		
Northern AZ Mike Normand MNormand@azdot.gov 602-712-8243	Central AZ Sara Allred SAllred@azdot.gov 602-712-4498	Southern AZ Nicole Patrick NPatrick@azdot.gov 602-712-8947

The ADOT 5311 grant program and public transit website can be accessed through the ADOT home page at www.azdot.gov/Transitprograms. The website is the primary source of information for participants in the Section 5311 Program.

This guidebook is available on the website along with information on related programs and initiatives. From this site, users can link to numerous other local and national transit web sites, including the U.S. DOT/FTA websites. Recipients should periodically check this site for Section 5311 and other ADOT Transit Program updates.

Contracts

If an applicant or recipient has any questions in regards to the contract or stated requirements, please contact:

Multimodal Planning Division Arizona Department of Transportation Attention: Sally J. Palmer, Contracts Program Manager Telephone: 602-712-6732 Email: SPalmer@azdot.gov

State and Regional Contacts

Prospective Rural Public Transit participants and those already participating in the Program may obtain planning assistance, demographics information, and information about other providers through the Council of government(s) or Metropolitan Planning Organization(s) in their region(s).

CIVIL RIGHTS CONTACT INFORMATION

When an applicant accepts Section 5311 Program funds, the agency agrees to comply with all applicable Federal and State Civil Rights statutes and regulations, including but not limited to Title VI—Nondiscrimination, Equal Employment Opportunity (EEO), Americans With Disabilities Act (ADA), Disadvantaged Business Enterprise (DBE), Limited English Proficiency (LEP) and other Civil Rights components of the grant program.

To better manage and support the Civil Rights functions, ADOT has two offices supporting these programs. The Business Engagement and Compliance Office (BECO) handles all functions related to DBE including assisting with contract compliance and DBE reporting. The Civil Rights office assists with all other Civil Rights areas of compliance.

<p>ARIZONA DEPARTMENT OF TRANSPORTATION Civil Rights Office 206 S. 17th Ave - Mail Drop 155-A Phoenix, AZ 85007 Phone: (602) 712-8946 CivilRightsOffice@azdot.gov Contacts: Lucy Schrader or Afriika McKinnon</p>	<p>ARIZONA DEPARTMENT OF TRANSPORTATION Business Engagement and Compliance Office Beverly Krumm LPA Subrecipient Program Manager 1135 N 22nd Ave., MD 154A Phoenix, AZ 85009 contractorcompliance@azdot.gov Office: (602) 712-4074 http://www.azdot.gov/business/business-engagement-and-compliance/dbe-compliance/LPA-Subrecipient-overview</p>
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PART II. PROGRAM DESCRIPTION

A. OVERVIEW AND PURPOSE

The Section 5311 grant program provides funding to support the **administrative, operating, intercity operating and capital, capital and planning** costs of operating public transit services in rural areas. Federal funds for the 5311 Program are apportioned to the States on a formula basis. States have the primary responsibility for administering the program. In Arizona, ADOT, MPD manages the Program. FTA defers most of the responsibility for developing grant program standards, funding criteria, and state management policies and procedures to the State in order to provide maximum flexibility to distribute funds based on the State's needs.

Funds may be used only to support public transit service in Non-Urbanized Areas, which are defined as under 50,000 in population (as defined by the U.S. Census). Grants are available on a competitive basis to address the mobility needs of the general public and 5311 Program services are expected to

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coordinate with human service transportation and other providers in their service areas.

Funds may be used for public transit services operating: a) within rural communities, b) among rural communities, and c) between rural communities and Urbanized Areas. Section 5311 funds cannot be used for public transit services that operate exclusively within an Urbanized Area, as those services are funded through other FTA programs.

Nationally, it is recognized that many rural communities do not have access to an automobile and need transportation in order to access services, employment, and medical care. **ADOT is committed to assisting local communities in building effective transit services through a combination of technical support, training, and funding.** As part of that commitment, the ADOT Multimodal Planning Division strongly encourages coordination of services to facilitate the most efficient use of Federal, State and local resources. ADOT's goal is to support the development of a statewide multi-modal transportation system that is economically efficient and environmentally sound.

Application Cycle:

Guidelines/ Application Distribution	December
Applicants' Workshop	December
Application Open	January 26, 2015
Application Deadline	March 31, 2015
Federal Fiscal Year 2014 Begins	October 1, 2015

*Awards are dependent on FTA approval of ADOT grant application. Partial apportionment may also affect timing of application opening and awards (Priority given to Operations/ Intercity/ Administration).

B. APPLICANT/PROJECT ELIGIBILITY

ELIGIBILITY CRITERIA

The following eligibility criteria should be considered before applying for Section 5311 Rural Transit Program funding.

Public Bodies - Eligible applicants for Rural Public Transit funds include local public bodies (e.g., counties and municipalities), State agencies, Tribal governments and related Tribal communities and private non-profit agencies.

General Public Service – The transportation services funded under Section 5311 must be open to the general public and marketed to the general public. Projects or portions of projects which exclude certain groups of the general public, or are intended to benefit a specific group to the exclusion of others, are **not** eligible for funding. Providers of special needs transportation (e.g., elderly or disabled clients) are eligible to apply if they are a government entity (e.g. City, County, Tribe) and open their transit services to the general public (e.g., a city or county operated senior center or similar organization). Job Access/Reverse Commute are also eligible activities that should be provided by, coordinated or contracted through an eligible 5311 provider.

Rural Service Area – Section 5311-funded rural public transit operations must serve areas outside of "Urbanized Areas." The U.S. Census Bureau defines an "Urbanized Area" as an area with a central city of

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at least 50,000 population, and includes the surrounded closely settled area. Transit services which operate exclusively within Urbanized Areas are not eligible for Section 5311 funding.

Planning – Historically, successful applicants for Section 5311 funds have been involved in multi-modal transportation planning processes. Applicants serving Non-Urbanized portions of metropolitan areas should contact their Metropolitan Planning Organization (MPO) for assistance. If you are unsure as to your status in terms of meeting planning requirements, please contact the ADOT Section 5311 Program Manager. In addition, new programs should have completed a feasibility study and have an operations plan. Section 5311 and 5304 funds can be used to support planning efforts.

Coordination - Section 5311 funds may be used in conjunction with, or to support, services provided under a variety of human service initiatives. Services funded under these initiatives potentially include a large group of economically disadvantaged clientele. Section 5311 Program applicants should work with local Department of Economic Security (DES) representatives to identify unmet transportation needs, investigate opportunities to coordinate service, and leverage funding opportunities available through these programs. Section 5311 Program participants are required to coordinate their services with other transportation providers in their areas, including potential purchase-of-service arrangements.

SPECIAL PROJECT ELIGIBILITY

In addition to the typical Section 5311 eligibility criteria described above, there are two other options for potential grantees to consider prior to applying for funds; intercity bus projects and pilot projects.

Intercity Bus Services - A subsection of the overall 5311 program, Section 5311(f), requires states to spend 15% of their annual Section 5311 apportionment to address unmet intercity bus service needs. FTA defines intercity bus service as regularly scheduled bus service for the general public that operates with limited stops over fixed routes connecting two or more urban areas not in close proximity, that has the capacity for transporting baggage carried by passengers, and that makes meaningful connections with scheduled intercity bus service to more distant points, if such service is available. Private for-profit operators are eligible to apply for intercity funds.

Pilot Projects - Concern has been expressed by a number of providers, and other entities, that critical gaps now exist in transit service in their communities and between these locales and their proximate urban centers. Services impacted include critical-purpose trips such as those meeting medical, employment and nutrition needs. Therefore, ADOT will consider pilot projects that demonstrate the viability of transit services that address these needs. In order to increase the opportunity for early-phase success for a particular project, ADOT may elect to modify or waive certain performance and evaluation criteria for pilot projects.

Pilot project applications will be evaluated by the standard Section 5311 criteria and by how the following concerns are addressed in the planning process:

- Area wide scope of plans, documenting demand by user group and/or trip origins and destinations.
- Coordination of planning and articulation of demand among employers, businesses, social service agencies and user groups.
- Consolidation opportunities with social service transportation providers

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To request pilot projects status, local governmental agencies need to contact the ADOT Program Manager. ADOT will then schedule a meeting to review the proposal. Based on unmet transit needs and budget availability, ADOT may be able to assist applicants in developing necessary plans to support the funding request. Pilot projects must meet all requirements in the Section 5311 program for initial funding. Once beyond pilot status, the transit service must continue to be managed by a local governmental agency if funded by ADOT through the 5311 Program.

C. TRIBAL TRANSIT PROGRAM

The FTA Tribal Transit funding program is a separate funding program that allows federally-recognized Tribes to receive funds directly from FTA. FTA makes the funds available directly through a separate application process with the FTA.

Recipients of Tribal Transit funds may use the funds for any purpose that is eligible under Section 5311, which includes planning, capital, and operating assistance for rural public transit services and support for rural intercity bus service.

Only Federally recognized tribes are eligible recipients for funds under the FTA Tribal Transit Program. However, tribes which are not federally recognized are eligible for Section 5311 funds through ADOT.

Federally recognized tribes may elect to apply for funds from either ADOT for the Section 5311 program or from FTA for the Tribal Transit Program to provide public transit services, or both. Tribes that receive notice of award from ADOT may elect to receive their allocation from FTA directly rather than as a subrecipient of the State's 5311 program. Tribes that choose this option should notify ADOT of their selection prior to the beginning of the federal fiscal year.

D. SUBRECIPIENT RESPONSIBILITIES

Successful applicants for Rural Public Transit funding must meet Federal, State and local requirements. Key program elements are presented below. A full list of federal requirements is presented later in this guidebook.

Local Stakeholder Involvement – Transit Advisory Committee (TAC)

Obtaining and sustaining community support is an important part of developing and growing an effective rural public transit system. Section 5311 program applicants are responsible for garnering support from a broad number of stakeholders – local governments, local businesses, the medical community, agencies serving seniors and people with disabilities, as well as others. A TAC, made up of key stakeholders, is required. The TAC's role is to advise the grantee agency on the operation of the system. This includes ensuring that the service responds to changing local needs, commenting on service quality and effectiveness, soliciting community participation, helping the system achieve financial sustainability, and related issues. TAC members should be ambassadors for the transit program and serve as the Transit Manager's eyes and ears in the community.

In addition to the Transit Manager, the committee membership must include representation from the elderly, persons with disabilities community, local business, and other key stakeholders. Transit

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Managers are required to conduct meetings at least on a quarterly basis and submit minutes of the meetings to ADOT. Meeting topics should include, but not be limited to: fare structures, monthly passenger statistics, training requirements, procurement, staffing issues, route structure, and any other transit concerns.

Local Financial Support

Sustained local financial support is needed for effective transit systems. The Section 5311 program covers 52% of the subsidy needed to operate transit services, 80% of the cost of administering the service, and 80% of the cost of capital equipment (A higher ratio of Federal funds may be available for capital projects under certain conditions). Local financial support is needed to cover the balance of the expenses.

Planning

All projects require early, coordinated and comprehensive planning and they should involve participation by a variety of stakeholders. This comprehensive approach is strongly encouraged at the federal and state levels so that transportation investments are maximized to provide the most effective and efficient use of resources. ADOT's Statewide and Rural Transit Planning program provides assistance to local entities for initial transit planning activities or plans for growing and changing transit systems. Agencies should have short and long range planning in place for capital, service, coordination, revenue and marketing initiatives.

Coordination

Coordination is key to providing strong and effective transportation networks in communities. A comprehensive approach to planning and managing transit services will enable communities to identify how coordination would assist them in making the best use of their resources and strengthen their programs. The MPD is continually strengthening its emphasis on coordination to reflect federal goals. Participants in the Section 5311 Program are expected to actively work to coordinate services with other local providers.

ADOT encourages active transit systems to work with their local Department of Labor Jobs Programs, Department of Health and Human Services, Arizona Department of Economic Security Temporary Assistance to Needy Families (TANF), and local Area Agencies on Aging to coordinate local and regional transportation activities.

Regional Transportation Coordination Plans Per federal regulations; *Regional Transportation Coordination Plans* have been developed in each region of Arizona. Inclusion in a *Coordination Plan* is required for the FTA 5310 program and strongly encouraged for 5311 program participants. The rural COGs and the MPOs in Urbanized Areas are responsible for maintaining and updating *Transportation Coordination Plans* in each region.

Section 5311 funded programs are responsible for evaluating how well their current transit services meet the needs of transit-dependent individuals, including clients of the various human services programs.

Public and Private Sector Involvement

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Section 5311 grantees must provide ways for active public involvement in the transit decision-making process. This is accomplished through the TAC, through public hearings, and other local government's citizen participation processes. *Public hearings are required as part of the Section 5311 grant process.*

As part of this process, *private sector transportation providers must be notified of the agency's intent to apply for Federal transit funding* and be given an opportunity to comment. The transportation network in rural Arizona includes both publicly funded and private for profit services. Most often, private carriers in Arizona serve intercity needs, provide tour services or operate local taxi services. Both public and private sector services are valuable components of a comprehensive passenger transportation network and private operators must be given an opportunity to participate in the development of public transportation services, to the extent feasible.

Safety

A commitment to operating safe services is a fundamental component of rural transit. Section 5311 agencies must have a driver training program.

Record Retention

Financial Records, Supporting Documentation and all other records pertinent to a grant must be retained and made available upon request for a period of 7 years. All documentation for capital must be kept for at least 7 years or the duration of the useful life of the equipment + 3 years, whichever is longer. If any litigation, claims, or audit is started prior to the disposal date of the records, the records must be retained until all litigation, claims, or audit findings have been resolved.

E. PROJECT SELECTION PROCESS

This section describes the project selection process for Section 5311 grants, including the evaluation criteria, the review process and the appeals process.

Project Evaluation Criteria

ADOT's Multimodal Planning Division uses the same evaluation criteria for all projects. However, it is recognized that new systems may not be able to achieve the same service levels as systems that have been in place for several years. The ADOT MPD expects new systems to begin with a firm foundation and to steadily improve over the first few years of operations.

The evaluation criteria address five specific areas: Appropriateness and Effectiveness of Service, Financial and Managerial Capability, Local Commitment to Transit and Accessibility, Safety and Training, and Coordination. Applicants from existing 5311 programs are evaluated based on current system performance, financial management, and contract deliverables. New applicants are evaluated on estimated performance and demonstrated financial management capability.

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Application Review Process

A Review Panel ranks applicants according to the evaluation criteria listed and submits its recommendations to ADOT staff, who then contacts applicants to discuss any issues that have been identified. ADOT's MPD invites COGs and MPOs to review and comment on preliminary recommendations for each application in their planning areas. ADOT considers COG/MPO comments in making its final funding decision.

Based upon this application review process, ADOT determines a fair and equitable distribution of available FTA funding using the following priorities:

Program Maintenance	Program Growth	Capital Investment
Maintain investment in administration and operations at least at the previous year's level recognizing economic factors such as decreased state and local revenues, inflation and conservation.	Capacity for individual program growth to meet local community needs as well as state program growth to ensure new program entry based upon the application review process.	Provide long term program capacity to meet annual variations in capital purchases without impacting administration and operations budgets.

ADOT conducts a Title VI evaluation to ensure fair distribution of funds. The Section 5311 Program Managers approve the final funding amounts for each project. ADOT then notifies each agency of anticipated funding. Actual grant awards, however, cannot be made until the Federal Transit Administration (FTA) approves the State's overall 5311 grant application.

Appeal Process

All applicants are notified of funding decisions made by ADOT. They are also given the opportunity to appeal those decisions. If filing an appeal, applicants must use the following process in order for the appeal to be considered valid.

Letters of appeal must clearly identify the applicant, contact person, address, phone number, project description and grounds for appeal.

Letters of appeal must be submitted within ten business days of notification of award. Submit the appeal via email to your assigned program manager or mail to the Section 5311 Program Manager, Arizona Department of Transportation, 206 S. 17 Avenue, Mail Drop 340 B, Phoenix, Arizona 85007-3213.

ADOT reviews all appeals and notifies applicants of the decision within ten business days. If the applicant is not satisfied with the 5311 Program Manager's response, a further appeal may be made to the Transit Program Director. **This appeal must be submitted within ten business days of the notice of the 5311 Program Manager's decision.** A copy of the additional appeal must be sent to the 5311 Program Manager. The Transit Program Director will then provide a written response to the applicant within 30 days of receipt of the appeal to the Transit Program Director's Office.

F. LOCAL FUNDING SOURCES AND MATCH RATIOS

Local government financial support is a key element in developing and sustaining an effective transit program. Applications lacking significant local public financial support generally do not rank as high as those with a solid base of local funding.

MATCH FUNDING RESOURCES

Federal funds typically **cannot** be used as local match including other DOT program funds, i.e. Section 5310.

Typically, local match funding comes from the local sponsoring agency, usually a local government agency, but other sources may support the transit program.

Federal funds that may be used include:

- Older Americans Act Title III
- Temporary Assistance to Needy Families (TANF)
- Indian Reservations Roads Program
- STP Flexible Funds
- Community Services Block Grant Funds
- Medicaid Transportation Funds

Non-Federal local match can be in the form of contract revenue, derived as part of purchase-of-service agreements with human service agencies, **only if the funding source is local or state**. If the source is federal, the revenue will only be considered as local match **if allowed by the federal funding source**. It should be noted though, that funds derived from purchase-of-service agreements pursuant to service agreements with a state, local social service agency, or a private social service organization may be treated as **local** rather than Federal funds, **even though the original source of such funds may have been another Federal program**.

Other examples of non-Federal local match sources include:

- State or Local Appropriations;
- Dedicated Tax Revenues;
- Private and Non-Profit Donations
- Net Income Generated From Advertising and Concessions.
- University/School Contributions

In-kind contributions may be used toward the local match only if the recipient formally documents the value of each non-cash share, and if this value represents a cost that would otherwise be eligible under the project. The net project cost must include the value of any in-kind contributions included in net project cost to the extent it is used as local match.

Use of non-cash match sources and documentation must be approved by ADOT.

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Advertising revenues and income generated from concessions may be included as local match or applied to the gross operations with farebox. Farebox revenues from service **cannot** be used as local match. Farebox revenue is only to be used to reduce the net operating expense of the program.

LOCAL MATCH RATIOS

The following table summarizes matching requirements for the different program elements. A definition of terms follows the table.

Local Match Ratios	Maximum Federal Share	Minimum Local Share
Project Administration	80%	20%
Project Operating*	50% - 58%	50% - 42%
Capital (Sliding Scale / STP Flex)*	80%	20%
Preventive Maintenance	80%	20%
Planning	80%	20%
Training	100%	0%

*Sliding Scale may be applied. ADOT will determine ratio during budget award review

Administration Expense Match Ratio - 80/20

The federal share of Section 5311 administrative costs may not exceed 80%.

Operating Expense Match Ratio - 58/42

The federal share of Section 5311 net operating expenses may not exceed 58%. Half of the 42% local match must come from local funds. The other half may come from unrestricted funds from service agreements or other Federal funding programs, as described in the definitions section.

Certain forms of in-kind match (e.g., a volunteer driver) might be acceptable in lieu of cash. However, all in-kind matches must be approved by ADOT, included in the contract, and thoroughly documented in the sub-recipient's accounting system.

Capital Expense Match Ratio - 80/20

The entire local match for capital projects must be in cash. The Federal match share shall not exceed 80% of the net cost, unless the sliding scale match ratio is used. The Federal share may be 90% for vehicle-related equipment required to comply with the Americans with Disabilities Act (ADA), as amended or the Clean Air Act as amended. If STP Flex funds are awarded for capital projects, the federal match ratio may be increased based on a sliding scale. ADOT will determine the final match ratio for all capital projects, depending on the types of funds awarded, the number of applications, and the amount of funding requested.

PART III. PROGRAM ADMINISTRATION AND PROJECT MANAGEMENT

A. ELIGIBLE PROJECT EXPENSE AND REVENUE CATEGORIES

Administration Expenses - Eligible project administrative costs may include, but are not limited to general administrative expenses such as salaries and fringe benefits for the project director, transit manager and secretary; marketing expenses, insurance premiums or payments to a self-insurance reserve, office supplies, facilities and equipment rental and administering drug and alcohol testing.

Administrative costs may not exceed 30% of the total (sum of) federal administrative and operating / intercity operating budgets (preventive maintenance whether capitalized or not are considered an operating expense).

Capital Expenses - Capital expenses include the acquisition and improvement of public transit equipment and facilities needed for an efficient public transit system. By FTA definition, all capital expenses include facilities or equipment with a useful life of at least one year. Capital Expenses generally exceed \$5000 purchase cost. Capital expenses include buses, vans, radios and communication equipment, vehicle rehabilitation, wheelchair lifts and restraints, passenger shelters, engine overhauls and special maintenance tools, operational support such as computer hardware/software and minor construction or rehabilitation of transit facilities. “Intelligent transportation system” (ITS) equipment includes vehicle locator systems, scheduling software, information kiosks, etc.

Local Matching Funds - Local matching funds are primarily cash contributions from local or state sources. The local share may include: state or local appropriations, dedicated tax revenues, private donations, or net income generated from advertising and concessions.

For administration and operating costs, certain forms of in-kind match (e.g., volunteer drivers) may be acceptable in lieu of cash. However, all in-kind matches must be approved by the ADOT Program Manager, included in the contract, and thoroughly documented in the recipient’s accounting system.

Fares - Grantees are not required to charge a fare. Grantees may establish a fare based upon its local needs. The farebox and other operating revenue reduce the overall project operating costs eligible for Federal funding.

Indirect Costs – Indirect costs may only be reimbursed based on a current, approved Indirect Cost Plan submitted with the application. Cost Allocation Plans (CAPs) and/or Indirect Cost Rate Proposals must be approved by FTA or another Cognizant Federal agency.

Net Operating Expense - Net operating expense is the expense balance that remains after operating revenues including farebox are subtracted from eligible operating expenses.

Operating Expenses - Operating expenses are considered those costs directly related to system operations. At a minimum, the following items are considered to be operating expenses: fuel; oil; licenses; salaries and fringe benefits for drivers, dispatchers and transit supervisor/operations manager.

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Maintenance costs may be included in the operations or may be capitalized (see Capital Expenses).

Operating Revenues - Operating revenues are monies derived from the project which are returned to the operation of the project to offset operating costs. All fare box revenues paid by the riders (cash fares, fares from tickets, passes, etc.) are considered to be operating revenue and therefore cannot be used as local match.

Planning Expenses - Planning funds are available at an 80/20 match ratio. Eligible planning activities include: feasibility, implementation, operation, routes, facility, marketing, short range, regional mobility and coordination, ridership surveys, origin & destinations studies and plans. Planning activities may be funded by other planning funds at the discretion of ADOT.

Preventive Maintenance - All the activities, supplies, materials, labor, services, and associated costs required to preserve or extend the functionality and serviceability of the asset in a cost effective manner, up to and including the current state of the art for maintaining such asset.

Preventive Maintenance may be capitalized if sufficient grant funds are available. These funds are available for expenditure for the one year in which they are awarded. Preventive Maintenance is otherwise considered part of the operating budget. The match ratio for capitalized Preventive Maintenance is 80/20. For capitalized preventive maintenance requests, in E-Grants, please include the total amount requested as an operating item, and put \$1.00 on the Other Capital page as a placeholder. If awarded, these funds will be pulled out of your operating budget and included under your capital budget prior to contract.

Preventive Maintenance is considered part of the Operating budget within the E-Grants application, and affects the Administration/ Operating ratio. If awarded as Capitalized Maintenance, this does not affect the Administration/Operating ratio.

B. EXPENSE REIMBURSEMENT

Cost Reimbursement Basis

All payments made under the Rural Public Transit Program are on a cost reimbursement basis, up to the authorized amounts described in grantee contracts. All expenses incurred during the contract period must be paid in full by the contractor to be eligible for reimbursement by ADOT. Non-compliance with billing schedules may result in delay or denial of reimbursement.

ADOT will not consider requests for prepayment, no exceptions.

Billing Schedule and Payments

Reimbursement requests must be submitted to E-Grants, for a back-up option submit to MPDInvoice@azdot.gov. Reimbursement requests must include the back-up documentation, performance information and documentation of local match. Should the reimbursement requests be submitted via email, the request must include the invoice, budget spreadsheet and system generated documentation identifying invoiced request amounts.

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Receipts must be kept on file. Reimbursement Requests may be submitted immediately following the end of the month. After 45 days, the reimbursement request can no longer be accessed. Agencies may request an extension by contacting their program manager. Final invoices for the federal fiscal year must be submitted no more than 45 calendar days after the end of the final billing period.

C. PROJECT MANAGEMENT, MONITORING, AND REPORTING

Roles and Responsibilities: *Grantee*

Grantees (ADOT grant Subrecipients) have the primary responsibility for managing their Section 5311 projects. This includes ensuring the transit service meets local needs, is safe, is operated effectively and efficiently, meets performance standards, is coordinated with other agencies, and is marketed to the public and to human service agencies. In addition, the service must be operated in compliance with Federal and State regulations. The grantee is also responsible for identifying areas where technical assistance may be needed in order to fulfill these requirements.

Grantee Sub-Recipient Administrative Responsibilities

Provide ADOT with the following information:

MONTHLY: Reimbursement Requests, and DBE Contracting Activities, Capital Milestones (E-grants reporting will open for 45 days after the month ends)

QUARTERLY: TAC Minutes

ANNUAL:

- Complementary Paratransit Plan Updates (Certifications)
- Single Audit Report (required at \$500,000 in federal grants, or submitted if an audit is done.)
- NTD Report
- Insurance Certificates

OTHER:

- Proposed scheduling or fare changes must be reported to Program Manager and Public prior to implementation
- Accident reporting to Program Manager within 24 hrs.
- Asset management / Vehicle records must be maintained and updates shared with Program manager.

Grantees are expected to maintain records of ridership, service characteristics, maintenance activities, expenses, and revenues on a daily basis. The information grantees collect, monitor, and report the information that is needed to assess the performance of their transit services. This information is then tabulated for monthly and annual reports. Grantees submit these statistics monthly in reports accompanying their monthly invoice.

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In addition, transit managers have the primary responsibility for monitoring and reporting system performance on a daily, weekly, and monthly basis. **The ADOT Program Manager must be notified as soon as possible of any significant variances in system performance and/or approved budget.**

Transit managers need to ensure the following:

- Drivers are well trained and this training is reflected in how they carry out their jobs on both a daily basis and in emergency situations;
- Vehicles are safe, well maintained, and costs for maintenance are appropriate. Grantees must document routine maintenance: i.e., oil change, fluids, and tire condition. The vehicle must be maintained in accordance with the manufacturer's recommended maintenance standards;
- Transit service is provided at appropriate levels, meets the needs of the community, and is accessible; and
- Costs of operating services are reasonable and both revenues and expenses are in line with budget projections.

Effective administration and management of transit systems include the following:

I. Financial and Management Capability

Demonstrate effective management and administration skills. This includes all aspects of transit service operation, financial management, and compliance with Federal regulations.

- Qualifications and experience in fixed route transit or paratransit programs, as well as qualification and experience in grant administration, public service or governmental programs.
- Adequacy of management oversight and public involvement. What is the role and membership of the TAC? Do goals and objectives address current issues? Are objectives measurable and achievable?
- Adequacy of marketing plans and strategy. Do materials communicate effectively with all key market segments, including those who are elderly, have low incomes, or have disabilities?
- Adequacy of maintenance program and performance. Is routine preventive maintenance provided and documented? Are problems with vehicles, including accessibility equipment, addressed in a timely fashion?
- Past performance of ADOT contract activities. Are invoices submitted on a timely basis? Are all requirements met?
- Demonstrate compliance with applicable State and Federal requirements, including non-discrimination laws, statutes, and regulations. Assurance that persons employed and served by the agency are not discriminated against because of race, color, national origin, age, sex or disability.
- Compliance with hiring, terminating, and promoting in accordance with Equal Employment Opportunity and the Civil Rights Act.
- Past Civil Rights or Equal Employment Opportunity complaints and the outcome

<p>of such complaints.</p>
<p>II. Appropriateness and Effectiveness of Coordination of Service Maximize the use of available resources through coordination and joint planning with all service area transportation providers and human service organizations.</p> <ul style="list-style-type: none"> • Level of coordination with city and county governments, regional councils of governments, transportation planning agencies and others. A coordination agreement is one way of illustrating the level of coordination. • Demonstration of actual or anticipated operating efficiencies, elimination of duplicative services and service extensions as the result of coordination. • Demonstration of operating efficiencies produced should illustrate lower costs per unit of service. • Demonstration of the level of involvement in coordinating public transit services, human service transportation, and employment transportation services.
<p>III. Service Provide otherwise unavailable transit services that are appropriate to community needs and provided in an efficient manner.</p> <ul style="list-style-type: none"> • Type of service is suited to community characteristics and ridership levels. • Service indicators • Vehicle service miles and hours • Ridership levels • Passengers per mile and hour • Service miles per vehicle • Cost indicators (estimates for new applicants) • Cost per mile and service hour • Cost per passenger trip • Monthly fare revenues • Trip purpose and passengers served • Appropriateness of the routes and schedules for targeted ridership • Service to populations that are disadvantaged, such as those with low levels of auto ownership or those with high levels of people who are elderly or have disabilities. • Number and types of local activity and employment centers served, including new developments.

IV. Local Commitment to Transit

Receive financial assistance for local transit operations and seek involvement in planning and policy decisions by local governments and community groups.

- Financial support from local government, and local match available to meet or exceed requirements. Are adequate local matching funds available to replace vehicles in a timely manner? Local financial support includes LTAF II funding and/or other local funds.
- Resolution of support from governing body of applicant agency and (ideally) others.
- Participation in local transportation planning and policy decisions.
- Breadth of local financial base and success in working with local governments, other providers, and other sectors of the community (human service organizations, education, employment and training, private sector providers, the business community, etc.)

V. Accessibility, Safety & Training

Provide service that is safe and recognizes the needs of persons with disabilities.

Demonstrated competence in driver training and driver ability is required.

- Awareness of the trip needs of people with disabilities in the planning and marketing of the service.
- Accessibility of project vehicles and service. Are accessible features kept in good repair? Is there a back-up vehicle available when accessible vehicles need repair? Does the system comply with training and service provisions of the Americans with Disabilities Act?
- Provisions for efforts that assure a drug and alcohol free workplace.
- Compliance with State and Federal Substance Abuse Requirements.
- Provision of training for safety-sensitive and supervisory personnel.
- Relationship between your agency's risk management program and transit operations.
- Attendance at ADOT sponsored training sessions and conferences.

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In Good Standing

It is the policy of the MPD to administer state and federal grants in compliance with all appropriate federal and state regulations and use best practices in the management of public funds and public accounting. Section 5311 grantees are expected to maintain a “good standing” status to continue to receive grant funds.

The following is required to remain in good standing

- Comply with all grant agreement requirements;
- Responsiveness to communications and request for information from ADOT;
- Maintenance of adequate financial records that document and support all grant expenditures;
- Submission of invoices that are accurate and timely;
- Full participation in site visits with timely responses to any deficiencies.
- Submission of reports to ADOT including audit documents, vehicle insurance certificate, quarterly TAC minutes, etc.;
- Satisfactory progress of the grant funded project; and
- Timely reporting of accidents as required.

D. TRAINING

Training is an important part of a transit program. Participation in ADOT- sponsored training workshops is required.

An effective training program includes driver training to ensure passenger safety, staff training to ensure that clients are handled in an efficient, firm, yet sensitive manner, and client training in terms of how to use the system.

Driver training is the single most important tool that transit management has available to improve a system’s operational efficiency, image, and risk management. Vehicle operators are the first and often the only personal contact that passengers have with the transit system. Drivers should be familiar with the vehicles they operate, knowledgeable of the system fare structure, transfer procedures, fare collection, how to complete required forms, safety and security, emergency and accident handling procedures, how to interact with the elderly and persons with disabilities, CPR, first aid, and Passenger Assistance Service and Safety training (PASS).

Expected Training Program

The following are components of a required Americans with Disabilities Act (ADA) training program

- Operate vehicles and equipment safely
- Appropriate attention to the differences among persons with disabilities
- Treat persons with disabilities in a respectful and courteous way
- Assist passengers properly

In addition to ADA requirements, Standard Training Programs include

- Defensive Driving training *
- PASS (Passenger Service and Safety - CTAA) or START (Safety Training and Rural Transit – National RTAP)*
- Customer Service
- Emergency Preparedness and Evacuation (covered by PASS)
- Biohazard Training*
- First Aid
- CPR
- Safety & Security
- Reasonable Suspicion (Drug & Alcohol Training for Supervisors)*
- Dispatcher Training*
- 24 hour behind the wheel training for drivers with experienced driver*
- Vehicle Pre/Post Trip Inspection Training*
- Transit Operations Policies & Procedures*
- All employees must receive at least one hour of training on the effects and consequences of prohibited drug use; pre-employment and drug/alcohol testing requirements.

*Required by FTA regulations and ADOT

All Transit Managers and Supervisors must take the Reasonable Suspicion Training and should renew the training at least every 5 years. All shifts must have at least one person who has taken the reasonable Suspicion Training during operational hours. FTA offers this training on-line. The agency must record the start and finish time of the Reasonable Suspicion Training. FTA requires one hour of drug and one hour of alcohol training for a total minimum of two hours of training.

Rural Transit Assistance Program (RTAP)

The RTAP program is a reimbursement program for training materials and scholarships. RTAP is a nationwide technical assistance program designed for 5310 and 5311 transit providers.

Current RTAP services include a resource library, a training scholarship program, networking meetings, conference attendance, and on-site technical assistance. ADOT provides a training budget for all approved Section 5311 projects funded at 100% **Requests for training must be approved by the RTAP Coordinator prior to attendance and reimbursement for training expenses must be submitted within 10 days of training.**

All training requests will follow the procedure outlined in the RTAP Policy and Procedures Handbook dated 2014. The handbook is posted on the RTAP web page, www.azdot.gov/transit. For additional information on program training requirements or to request training, contact the RTAP Training Coordinator at RTAP@azdot.gov.

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Coming soon, RTAP preapprovals and reimbursements will be managed through E-grants. Training will be provided when this is implemented.

E. PROCUREMENT

Grantees procure a variety of operating and capital items. In doing so, purchasing policies must comply with Federal and State and local procurement requirements, as outlined in the **ADOT Multimodal Planning Division Capital Procurement Handbook** prepared in February 2010. The Handbook can be obtained on the ADOT web at: www.azdot.gov/Transitprograms

Grantees procedures for managing equipment, whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

1. Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property
2. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
3. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
4. Adequate maintenance procedures must be developed to keep the property in good condition.
5. If the grantee or sub grantee is authorized or required, by ADOT, to sell the property, proper sales procedures must be established to ensure the highest possible return.

ADOT is developing asset controls to comply with FTA guidance, training will be provided when this is implemented.

Grantees are to follow FTA Third-Party Contracting Guidelines per FTA Order 4220.1F. The basic general procurement standards are:

- Procurements must conform with Federal, State and Local Law, whichever of the laws are more stringent;
- Grantees must have in place a contract administration system;
- Grantees must have written standards of conduct;
- Competition of projects must be full and open; and
- Grantees must have written protest procedures to handle and resolve disputes relating to procurements. In all instances, the grantee will disclose information regarding Section 5311 related protests to ADOT

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Standard Thresholds are:

Micropurchases	Small Purchases	Above \$100,000
By federal regulation, purchases under \$3,000 must document the decision process. ADOT always recommends getting multiple quotes, for \$3,000. Over \$2000, construction projects must include the federal language and follow Davis Bacon requirements.	Between \$3,000-\$100,000, a minimum of 3 quotes are required; federal language must be attached to all purchase documents.	A formal bid process must be followed with all federal clauses included and followed.

Procurement Pro is a valuable tool that can assist localities in preparing the federal terms and conditions. The required clauses are also outlined in the ADOT contract.

All procurements must include DBE language and be reported in the LPA system <https://arizonalpa.dbesystem.com>. Vehicle procurements from vehicle manufacturers on the TVM list <http://www.fta.dot.gov/civilrights/12891.html> are exempt from ADOT DBE requirements

Most standard state and federal procurement regulations are incorporated in local government purchasing policies and procurement procedures. These policies and procedures, under the direction of local finance departments and/or legal counsels, should be coordinated with the information in the Capital Procurement Handbook.

Regarding methods of solicitation: i.e., Invitation for Bid (IFB) or Request for Proposal (RFP), ADOT allows grantees to use either the prescribed method identified by ADOT or a method established by your City, County, or Tribal government processes.

ADOT now offers a vehicle contract that agencies may use to purchase vehicles. Contact ADOT if your agency would like to procure a vehicle this way. Local match must be provided prior to vehicle order. Otherwise, Subrecipients are encouraged to utilize a “piggyback” or joint procurement process. This process allows grantees to purchase vehicles through an existing open contract established by another agency or to join together with another agency to procure vehicles, goods, and services. Through this process grantees can benefit from volume purchases and the reduction in administrative workload and expenses. Guidelines and requirements for piggybacking and joint procurements are included in the Capital Procurement Handbook.

Grantees must submit a copy of the vehicle or other capital specifications, TAC minutes approving procurement, Intergovernmental Procurement checklist, Piggybacking procurement checklist (if applicable), and copy of the contract from the piggybacking agency (if applicable) to the 5311 Program Manager for approval.

Grantees must obtain authorization from ADOT Program Manager for any vehicle purchase prior to submitting an order with vendor. Failure to receive prior approval may result in delay of reimbursement. Before ADOT can reimburse any purchase, all required documentation must be submitted. Checklists for the required documentation are provided in the Capital Procurement Handbook.

F. VEHICLES

Purchase of Vehicles

Option 1: ADOT procured vehicles through a state contract. Subrecipients must identify whether their intention is to use the ADOT contract for procurement prior to contract execution. Upon notice of award, Subrecipient will be required to submit vehicle build/quote to their Program Manager. If the Subrecipient is not prepared to purchase the vehicle upon award, then the request should be delayed until the following application cycle. Local match must be submitted at time of contract execution.

Option 2: Reimbursement - ADOT will approve and provide reimbursement for the purchase of any suitable bus or van following prescribed procurement procedures. Any special equipment or options desired by the grantee, but not deemed essential by ADOT, will be paid 100% by the grantee.

Leased Vehicles

ADOT has not historically participated in the leasing of vehicles for Section 5311 projects. Rural Public Transit Program funding is approved on an annual basis and leases are typically made for five years. ADOT cannot guarantee Rural Public Transit Program funding for additional program years or the life of a lease. Federal guidelines mandate that grant funds be expended in the most cost-effective fashion, which in most cases would be a direct purchase. For ADOT to consider participating in a vehicle lease, the applicant must demonstrate that the lease provides cost efficiency (i.e. a lease incorporating both maintenance and insurance).

ADOT may also require a project requesting leasing to request bids for private operation of the system. ADOT will not participate in a lease which extends beyond the useful life of the vehicle based on average annual mileage.

ADOT Liens on Project Equipment, Vehicle Useful Life, and Disposition

ADOT retains a first lien equal to 80% (or its share in the purchase price if other than 80%) of the fair market value on all capital equipment purchased with Rural Public Transit funds. Capital equipment is defined as equipment that is expected to last one year or more. Vehicle liens will be retained according to the useful life standards listed below:

4 years and/or 100,000 miles	5 years and/or 200,000 miles	7 years and/or 400,000 miles
Vans (up to 15 passengers)	Mini buses (up to 30 passengers)	Buses (over 30 passengers or 30 ft. vehicles)

Grantees are expected to use equipment up to its useful life or the duration of their contract.

When vehicles have reached the end of their useful life, grantees are required to submit a lien release request to ADOT. Grantees cannot sell, discard transfer or dispose of equipment without formal lien release approval from ADOT.

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Liability Insurance

All Section 5311 Program participants must maintain adequate property and liability insurance coverage.

The current minimum requirement for automobile liability insurance is based on vehicle size, and is as follows:

Combined Single Limit (CSL) of \$5,000,000	Combined Single Limit (CSL) of \$2,000,000	Combined Single Limit (CSL) of \$1,000,000
For vehicles carrying nine (9) or more passengers	For vehicles carrying less than nine (9) but more than four (4) passengers	For vehicles carrying less than four (4) or passengers

Grantees must also maintain collision and comprehensive coverage for the full fair market value of each vehicle provided under this Program. The deductible for such coverage shall not exceed five thousand dollars (\$5,000).

Vehicles for which the State of Arizona or ADOT is listed on the title as vehicle owner or lien holder must also show the State of Arizona or ADOT as “loss payee.”

ADOT shall be an “additional insured” on all insurance policies required under this Program. Insurance policies shall be endorsed to include the following additional insured language: “The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees shall be named as additional insured with respect to liability arising out of the activities performed by or on behalf of the Grantee, involving automobiles owned, leased, hired or borrowed by the Grantee.”

The Grantee's insurance coverage shall be the primary insurance with respect to all other available sources.

Policies required under this Program shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees.

Notice of Cancellation: Any changes material to compliance with the insurance coverage required under this Program shall require thirty (30) days written notice to ADOT. Such notice shall be sent directly to Multimodal Planning Division of the ADOT (ADOT) and shall be sent by certified mail, return receipt requested.

Acceptability of Insurers: Insurance is to be placed with duly licensed or approved non-admitted insurers in the State of Arizona with an “A.M. Best” rating of not less than A- VII. ADOT in no way warrants that the above-required minimum insurer rating is sufficient to protect the Grantees from potential insurer insolvency.

To comply with these requirements, Grantees are required to submit a copy of the insurance certificate yearly based on renewal date.

Failure to show Proof of Insurance will result in the vehicle being placed out of service.

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Driver and Vehicle Licenses

All Section 5311 grantees must use drivers that hold a current and valid Arizona Driver's License. The ADOT Motor Vehicle Division requires licensing in keeping with their Commercial Driver's License Program as follows:

Vehicles under 16-passenger capacity including driver
<ul style="list-style-type: none">• Class D (Operator's) License
Vehicles 16 passenger and over
<ul style="list-style-type: none">• Class B or C Commercial License with bus/school bus endorsement
Vehicles 16 passenger and over
<ul style="list-style-type: none">• Class B or C Commercial License with bus/school bus endorsement• Class B or C Commercial License with bus/school bus endorsement ADOT encourages all agencies which have any vehicles in excess of 16 passenger capacity to have all drivers obtain a Class B or C Commercial License.• Drivers who currently have a Chauffeur's License may continue to use such license until it expires. At that time, the appropriate above license must be acquired.

Grantees are also required to comply with Arizona laws in the licensing of all agency vehicles.

Accident Reporting

Participants in the Section 5311 program are required to report any accidents that require post-accident testing based on FTA Drug and Alcohol testing criteria to the ADOT Program Manager. This would include:

- Any accident that involves a fatality
- Any accident where an individual receives medical treatment away from the scene or the rubber-tired vehicle is towed from the scene due to disabling damage.

Any accident must be reported within 24 hours. If the accident occurs on a weekend or holiday, a report must be filed on the next regularly scheduled workday. Documents to be provided include Police Reports, Agency and Rider Incident Reports, Vehicle Damage Estimates and any other pertinent information available or requested by the ADOT Program Manager.

Incidental Use

Notice must be provided to the ADOT Program Manager of any incidental use of vehicles not related to the regularly scheduled general public service prior to providing the service.

PART IV. FEDERAL AND STATE REQUIREMENTS

Roles and Responsibilities: *ADOT*

In ADOT's role as the State agency administering the Section 5311 Program, ADOT receives an allocation of funds from FTA annually to not only support rural transit projects, but also to cover the administrative costs it incurs in managing the program. Those funds are used by ADOT to complete the following activities.

ADOT'S Administrative Activities

- Providing program information, planning, and technical assistance for 5311 project development.
- Documenting grant procedures in a State Management Plan (SMP), annual program announcement; grantee technical assistance: application review, evaluation and selection; forwarding of annual Programs of Projects to the FTA; certifying applicant and project eligibility; insuring Subrecipient compliance with Federal requirements; project monitoring; and overseeing project audit and closeout.
- Integrating the 5311 Program with other ADOT administered FTA Programs including the Section 5310, Rural Transit Assistance Program (RTAP), and the Transportation Planning Programs (Sections 5303 and 5304 Statewide Transportation Planning Program and the Metropolitan Transportation Planning Program).
- Monitoring the progress of each project through audits and site visit reviews.

MPD oversight begins at the time of the application and contracting process, ensuring that all required information is submitted. Reviewing monthly reports, invoices, and other contract deliverables are other areas where ADOT monitors grantee performance. ADOT staff will participate in TAC meetings when possible and conduct on-site visits to observe the systems and to ensure 5311 Program compliance.

On-Site Visits

ADOT, as the administrative agent for Federal funds, is required to monitor grantees on a regular basis. Comprehensive site visits are performed to review all elements of grant administration, as specified in the 5311 contract. These visits include a detailed review of receipts to verify reimbursement requests, ridership statistics, funding, transit service operation and service to the general public. Conducted at least every three years, they include the following oversight areas:

- Level and Quality of Transit Services
- Training Program
- Safety and Risk Management
- Procurement Procedures
- Review Invoices and Reports
- Financial Management
- Civil Rights Policy, Title VI/EEO Poster

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- Civil Rights Compliance (Title VI, DBE, LEP,EEO, ADA)
- Vehicle/Facilities Maintenance Plan
- Continuing Control of FTA Funded Vehicles/Facilities
- Vehicle Inspections / Maintenance Records / Insurance Policies
- Charter/School Bus Service
- Compliance with all Federal Certificates and Assurances
- Any Additional Requirements of FTA or the State

Drug and Alcohol, policy, procedures and testing programs are reviewed at a minimum every two years in a separate site visit. Site visits will be more frequent if there are compliance issues.

Continuing Control of FTA Funded Facilities

When facilities are acquired, built, or improved through Section 5311 funding, ADOT will ensure satisfactory continuing control of the capital facility through the site visit process. ADOT will ensure that there is no degradation or failure to maintain the federal investment, that facilities are available to the public, and that grantees comply with ADA and other federal requirements.

Financial Management Audits

See Audits of State and Local Governments Section. .

FTA Compliance Audits

Consistent with FTA's oversight responsibilities, FTA may elect to conduct financial, drug & alcohol, or other program area(s) audits. ADOT will assist grantees in preparing for FTA audits, if needed.

As a Federal program, Federal legislation and a variety of Federal regulations form the foundation of how the Section 5311 program is operated.

In this section, the basic Federal and State requirements are summarized. In addition to reading the abbreviated summaries in this guidebook, applicants are urged to review the relevant federal regulations, circulars and guidance. Links are provided at the end of this chapter.

In the application and contract documents, program applicants will see these fundamental regulations referenced in various sections. As you complete the application, it may be helpful to return to this section to get a broader understanding of each Federal or State requirement.

A. FEDERAL GOVERNMENT OBLIGATIONS TO THIRD PARTIES

Grantees (Subrecipients) must agree that, without the Federal government's express written consent, the Federal government is not subject to any obligations or liabilities to any grantees, any third-party contractor, or any other person not a party to the Grant Agreement or Cooperative Agreement in connection with the performance of a funded project. Notwithstanding any concurrence provided by the Federal government in or approval of any solicitation, grantee, or third-party contract, the Federal government continues to have no obligation or liabilities to any party, including the grantee and third-party contractor.

B. PRIVATE ENTERPRISE INVOLVEMENT

Applicants must ensure that private-for-profit and private non-profit transit operators are given the opportunity to participate in the planning and implementation of the project to the maximum extent feasible. This includes soliciting private companies' participation in their planning process and encouraging private companies to actively participate in the planning process.

ADOT encourages all applicants to fully utilize the resources and expertise of private providers such as taxicab companies, intercity bus operators and human service transportation systems, considering the capability of these firms to provide the needed service. Purchase of service agreements or contracts with private operators are an appropriate means of providing general public transportation service.

Applicants should review local regulations to ensure that private companies are treated fairly. This includes revising or encouraging adjustments in local regulations to permit private companies to operate the applicants' services more efficiently.

Applicants should periodically review their existing services to determine if private companies can provide parts of the service, or the entire service, more efficiently. Consider the total cost of providing transportation service when comparing public and private service proposals. The subsidies provided to public and private nonprofit transportation providers such as capital assistance grants, operating subsidies, and the use of public facilities should be reflected in the cost comparisons.

Finally, applicants must have a process in place to resolve disputes with private transportation providers.

Documentation such as letters of support, formal agreements or minutes of meetings will assist the application. The application must contain a list and description of all transportation providers in the service area including the days and hours of service, number of passengers, frequency of service, fare charged, and area served.

Requirements the applicant must meet related to private enterprise involvement are:

Provide Reasonable Notice to Private Operators: The applicant must provide reasonable notice to all transportation providers in the proposed service area to inform them of the project and ascertain whether the private providers could participate in the project. This is accomplished by publishing a public notice in a newspaper of general circulation and by writing letters to providers, as well as holding a public hearing. (See Public Involvement)

Send letters to each private provider describing the project and providing the notice of the public hearing. These letters must be sent via registered mail. The application must contain a copy of the notice of public hearing as published and a summary of the public hearing, together with copies of the letters sent, any exhibits and written statements submitted.

Privatization Policy: The applicant must submit a local privatization policy that includes a method of resolving disputes. New projects will write privatization policies as part of their contract activities. ADOT will provide guidance to grantees with respect to this task, as needed.

C. PUBLIC INVOLVEMENT

All applicants for Rural Public Transit Program funds must hold a public hearing. Public notices shall be published in the newspaper(s) having general circulation in the vicinity of the proposed undertaking. **Publish two notices of public hearings, one week apart.** Schedule the date of the hearing at least five days after the second notice is published. The notice of the public hearing must include the name of the applicant, the time, date, and place of the hearing, an adequate description of the project, including the area to be served by the proposed undertaking, items to be purchased, constructed, etc. The grant proposal must be made available for public inspection. Any public hearings should be held at a place and time generally convenient for persons affected by the proposed undertaking. The site must be accessible to the elderly and persons with disabilities. Provisions should be made at the hearing for submission of written statements, exhibits, and oral statements. Translators must be provided for non-English speaking persons at the hearing if requested. A written summary of the oral proceedings must be prepared. (See Notice of Public Hearing in Application.)

D. LABOR PROTECTION

Section 13 of the Urban Mass Transportation Act of 1964, as amended, specifies that as a condition to any financial assistance, fair and equitable arrangements be made to protect the interests of employees of transit providers, which may be affected by the project receiving such assistance. Applicants shall either: (1) execute the Special Warranty developed by the U.S. Departments of Labor and Transportation or (2) request and receive approval for waiver of the required protection from the Department of Labor.

Successful applicants must provide the labor protection information required (see attached sample Listing of Recipients Eligible Surface Public Transportation Providers and Labor Representation for 13(c) in application) by no later than August in order to ensure a fully executed contract by October 1. ADOT is required (annually) to certify to the Department of Labor that 5311 agencies are in compliance with terms and conditions of the Special Section 13(c) Warranty.

E. AUDITS OF STATE AND LOCAL GOVERNMENTS

State agencies are responsible for: ensuring that audits are performed pursuant to the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations;" resolving audit findings; and bringing unresolved issues to FTA's attention. FTA does not require an annual financial audit of a sub-recipient when assistance is provided solely in the form of capital equipment procured directly by the State.

Each grantee that receives over \$750,000.00 in federal funding is required to prepare an annual audit that complies with the Office of Management and Budget (OMB) A-133 Single Audit requirements. A copy of this annual audit must be submitted to the ADOT Multimodal Planning Division.

The FTA requires ADOT to perform financial audits of this program. In any given year, ADOT's auditor may request to examine the financial records of Subrecipients. These actions are designed to ensure tighter budget-process control, asset inventory management and enhanced ADOT-FTA reporting capability. If the agency is not subject to the single audit requirement, but conducts an audit, the findings must be submitted to ADOT.

If the amount of FTA funds granted to a particular sub-recipient does not trigger the requirement for an

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A-133 audit, the State may still request to review the total Federal funds received by an agency to determine if, in combination with their total Federal funds from all sources exceeds the \$750,000.00 threshold. At a minimum, ADOT requires sub- recipients to bring to the attention of the State any audit findings relevant to their use of FTA funds.

The Single Audit Act provides that: The audit shall cover the entire operations of the transit agency and departments that received Federal financial assistance during the year. A series of audits of individual departments, agencies, and establishments for the same fiscal year may be considered a single audit.

An independent auditor in accordance with generally accepted government auditing standards covering financial and compliance audits shall conduct the audit.

The Auditor shall determine whether:

- The financial statements of the agency present fairly its financial position and results of its financial operation in accordance with generally accepted accounting principles.
- The agency has internal accounting and other control systems to provide reasonable assurance that it is managing the Federal financial assistance program in compliance with applicable laws and regulations.
- The agency has complied with laws and regulations that may have material effect on its financial statements and on each major Federal assistance program.

Audits shall be submitted annually as part of the contract deliverables.

F. DISADVANTAGED BUSINESS ENTERPRISES (DBE)

All of ADOT Subrecipients are required to adopt the ADOT DBE Plan. Agencies can adopt the DBE plan as part of the application, but must follow any local requirements regarding adoption of plans.

Assurances: The contractor, Subrecipients (including vehicle awardees) or subcontractors shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requires of 49 CFR part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy, as the sub-recipient deems appropriate.

The Objectives of the DBE Program are: ADOT's policy is to ensure nondiscrimination in the award and administration of DOT-assisted contracts in its highway, transit and airport financial assistance programs. To achieve this, ADOT will strive:

- To create a level playing field on which DBEs can compete fairly for DOT-assisted contracts;
- To ensure that the DBE program is narrowly tailored in accordance with applicable law;
- To ensure that only firms that fully meet this part's eligibility standards are

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permitted to participate as DBEs;

- To help remove barriers to the participation of DBEs in DOT-assisted contracts; and
- To assist the development of firms that can compete successfully in the marketplace outside the DBE program.

Subrecipients (grantees) of Rural Public Transit funds shall take affirmative steps to ensure that socially and economically disadvantaged business enterprises participate in the performance of contracts and subcontracts. This may be accomplished by way of actual transportation service providers, or as suppliers of commodities or services needed in the operation of transportation service.

Where the sub-recipient or subcontractor is found to have failed to exert sufficient reasonable and good faith efforts to involve DBEs in the work provided, ADOT may declare the sub-recipient or subcontractor in breach of contract; refer to 49 CFR pt. 26.

The ADOT Grant Administrator files semi-annual contracting activity reports to FTA. The Subrecipients must submit all contract invoice activity through the Arizona Local Public Agency Contract Management System at <https://arizonalpa.dbesystem.com/> on a monthly basis or when invoicing occurs for that contract. If there are no contracts, the Subrecipients should report to ADOT every six months that they have no contracts.

Changes in agency contact information must be provided to ADOT through E-grants.

All applicants who receive preliminary approval for their project may contact ADOT Business Engagement and Compliance Office, and request assistance in locating DBEs for contracting opportunities

G. CIVIL RIGHTS REQUIREMENTS

All Subrecipients of FTA assistance are responsible for compliance with all Civil Rights requirements applicable to transit related projects, including 49 U.S. 5332 (Nondiscrimination), Title VI of the Civil Rights Act of 1964, Equal Employment Opportunity (EEO), Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990. Pursuant to Executive Order 13166 and DOT policy guidance concerning recipient's responsibilities to Limited English Proficient (LEP) persons (FRAC 5010.1D pg. II.8). Subrecipients also must include these requirements in each subcontract financed in whole or in part with Federal assistance provided by FTA, modified only if necessary to identify the affected parties.

Subrecipients must ensure compliance with Title VI of the civil Rights Act of 1964. Title VI states that "no person in the United States shall be excluded from participation, denied the benefits of, or be subjected to discrimination in any Federally-funded program, policy or activity on the basis of race, color or national origin.

Subrecipients Equal Employment Opportunity Programs (EEO) must ensure that recipients do not discriminate against any employees or applicants for employment because of race, color, religion, sex, disability, age or national origin. Such action must include, but not be limited to the following: employment, upgrading, demotion or transfer, recruitment or advertising, layoff or termination, rates of

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pay or other forms of compensation; and selection for training. The sub-recipient also agrees to comply with any implementing requirements FTA may issue.

Subrecipients must comply with current Title VI, EEO, LEP and ADA regulation requirements, as identified in the respective assurances enclosed in the application package. Failure by the sub-recipient to carry out the terms of the Title VI, DBE, EEO, LEP and ADA programs will be treated as a violation of the Grant Agreement.

Subrecipients will be required to provide a comprehensive Title VI Plan by September 30, 2015. Training will be provided over the next year.

H. FTA CHARTER REQUIREMENTS

The regulations define charter service as follows:

(1) Transportation provided at the request of a third party for the exclusive use of a bus or van for a negotiated price. The following features may be characteristics of charter service:

- A third party pays a negotiated price for the group
- Any fares charged to individual members of the group are collected by a third party
- The service is not part of the regularly scheduled service, or is offered for a limited period of time
- A third party determines the origin and destination of the trip as well as scheduling.

(2) Transportation provided to the public for events or functions that occur on an irregular basis or for a limited duration and:

- A premium fare is charged that is greater than the usual or customary fixed route fare, or
- The service is paid for in whole or in part by a third party.

Examples of services that do not meet the definition of charter service and, therefore, are not considered charter services by FTA are:

- Service requested by a third party that is irregular or on a limited basis for an exclusive group of individuals and the grantee does not charge a premium fare for the service and there is no third party paying for the service in whole or in part
- Shuttle service for a one-time event if the service is open to the public, the itinerary is determined by the grantee, the grantee charges its customary fixed route fare and there is no third party involvement
- When a university pays the grantee a fixed charge to allow all faculty, staff, and students to ride the transit system for free so long as the grantee provides the service on a regular basis along a fixed route and the service is open to the public
- When the grantee sees a need and wants to provide service for a limited duration at the customary fixed route fare

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The charter regulations include **exemptions** and **exceptions**.

Exemptions

Exemptions, which are not considered charter service, require no notification to registered charter providers, record-keeping, quarterly reporting, or other requirements. The charter service regulation exempts the following services:

1. **Transportation of Employees, Contractors, and Government Officials:** Grantees are allowed to transport their employees, other transit systems' employees, transit management officials, transit contractors and bidders, government officials and their contractors, and official guests to or from transit facilities or projects within its geographic service area or proposed geographic service area for the purpose of conducting oversight functions such as inspection, evaluation, or review.
2. **Private Charter Operators:** The prohibitions do not apply to private charter operators that receive, directly or indirectly, federal financial assistance under the over-the-road bus accessibility program or to non-FTA funded activities of private charter operators that receive, directly or indirectly, FTA financial assistance.
3. **Emergency Preparedness Planning and Operation:** Grantees are allowed to transport their employees, other transit system employees, transit management officials, transit contractors and bidders, government officials and their contractors, and official guests for emergency preparedness planning and operations.
4. **Section 5310, 5311, 5316 and 5317 Recipients:** The prohibitions do not apply to grantees that use federal financial assistance from FTA for program purposes, that is, transportation that serves the needs of either human service agencies or targeted populations (elderly, individuals with disabilities) under Section 5310, 5311, 5316, or 5317. "Program purposes" does not include exclusive service for other groups formed for purposes unrelated to the special needs of the identified targeted populations.
5. **Emergency Response:** Grantees are allowed to provide service for up to 45 days for actions directly responding to an emergency declared by the president, governor, or mayor or in an emergency requiring immediate action prior to a formal declaration.
6. **Recipients in Non-Urbanized Areas:** Grantees in non-urbanized areas may transport employees, other transit systems' employees, transit management officials, and transit contractors and bidders to or from transit training outside its geographic service area.

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Exception	Procedure
<p>Exception 604.6 – Government officials on official government business (GO)</p> <ol style="list-style-type: none"> 1. Is restricted to its geographic service area 2. Must not generate revenue, except as required by law 3. Is limited to 80 hours annually. May petition for additional charter hours 	<p>Record the following information:</p> <ol style="list-style-type: none"> 1. Government organization’s name, address, phone number, and email address 2. Date and time of service 3. Number of government officials and other passengers 4. Origin, destination, and trip length (miles and hours) 5. The fee collected, if any 6. Vehicle number (example, bus 102) <p>Retain the record for three years.</p>
<p>Exception 604.7 – Qualified human service organizations (QH)</p> <p>Service to persons:</p> <ol style="list-style-type: none"> 1. With mobility limitations related to advanced age, 2. With disabilities, or 3. With low income <p>Organization must register if it does not receive funds from programs listed in Appendix A of the charter regulation.</p>	<p>Ensure that the human service agency is qualified, that is, it receives funds from programs listed in Appendix A of the charter regulation or has registered on the FTA charter website at least 60 days before the charter request.</p> <p>Record the following information:</p> <ol style="list-style-type: none"> 1. QHSO’s name, address, phone number, and email address 2. Date and time of service 3. Number of passengers 4. Origin, destination, and trip length (miles and hours) 5. The fee collected, if any 6. Vehicle number (example, bus 102) <p>Retain the record for three years.</p>

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Exception	Procedure
<p>Exception 604.8 – Leasing FTA funded equipment and drivers to a charter service operator (LE) only if the following conditions exist:</p> <ol style="list-style-type: none"> 1. The operator is registered on the FTA charter registration web site 2. The operator owns and operates buses or vans in a charter service business 3. The operator received a request for charter service that exceeds its capacity either of the number of vehicles operated or the number of accessible vehicles 4. The operator has exhausted all of the available vehicles for all registered charter providers in your geographic service area 	<p>Record the following information:</p> <ol style="list-style-type: none"> 1. Registered charter provider’s name, address, telephone number, and email address 2. Number of vehicles leased, types of vehicles leased, and vehicle identification numbers 3. Documentation presented by the registered charter provider that the four conditions are satisfied. <p>Retain the record for three years.</p>
<p>Exception 604.9 – When no registered charter provider responds to a notice posted on the FTA charter website (WN):</p> <ol style="list-style-type: none"> 1. Within 72 hours for charter service requested to be provided in less than 30 days, or 2. Within 14 calendar days for charter service requested to be provided in 30 days or more. 	<p>Include the in the e-mail notice sent to the list of registered charter providers:</p> <ol style="list-style-type: none"> 1. Customer name, address, phone number, and e-mail address (if available); 2. Requested date of service; 3. Approximate number of passengers 4. Type of equipment requested, bus(es) or van(s); 5. Trip itinerary and approximate duration; and 6. The intended fare to be charged for the service. <p>If an “undeliverable” notice is received in response to its e-mail notice, fax the notice.</p> <ol style="list-style-type: none"> 1. If service is provided, record the following information: 2. The group’s name, address, phone number, and email address 3. Date and time of service 4. Number of passengers 5. Origin, destination, and trip length (miles and hours) 6. Fee collected, if any 7. Vehicle number (example, bus 102) <p>Retain all records (email sent, undeliverable notice, facsimile, record of charter) for three years.</p>

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Exception	Procedure
<p>Exception 604.10 – Agreement with registered charter providers</p> <ol style="list-style-type: none"> 1. If a new charter provider registers in the geographic service area, may continue to provide charter service for 90 days without an agreement with the newly registered charter provider. 2. Any parties to an agreement may cancel at any time after providing a 90-day notice. 	<p>Record the following information:</p> <ol style="list-style-type: none"> 1. The group's name, address, phone number, and email address 2. Date and time of service 3. Number of passengers 4. Origin, destination, and trip length (miles and hours) 5. Fee collected, if any 6. Vehicle number (example, bus 102) <p>Retain the record for three years.</p>
<p>Exception 604.11 – Petitions to the Administrator for:</p> <ol style="list-style-type: none"> 1. Events of regional or national significance 2. Hardship (<200,000 population only) 3. Unique and time sensitive events that are in the public interest 	<p>For an event of regional or national significance, the petition shall describe how registered charter providers were consulted and will be utilized, include a certification that the recipient has exhausted all the registered charter providers in its service area, and submit the petition at least 90 days before the first day of the event.</p> <p>For a hardship request, the exception must be for deadhead time that exceeds total trip time from initial pick-up to final drop-off, including wait time and shall describe how the minimum duration would create a hardship on the group requesting the charter.</p> <p>For a unique and time sensitive event, the petition shall describe why the event is unique and time sensitive and would be in the public's interest.</p> <p>Record the following information:</p> <ol style="list-style-type: none"> 1. The group's name, address, phone number, and email address 2. Date and time of service 3. Number of passengers 4. Origin, destination, and trip length (miles and hours) 5. Fee collected, if any 6. Vehicle number (example, bus 102) <p>Retain the record for three years.</p>
<p>Note: Charter service hours include: time spent transporting passengers, time spent waiting for passengers and "deadhead" hours.</p>	

I. INTERCITY BUS

FTA identifies intercity bus service as regularly scheduled bus service for the general public which operates with limited stops over fixed routes connecting two or more urban areas not in close proximity, which has the capacity for transporting baggage carried by passengers. Package express service may be included, if incidental to passenger transportation. Commuter service (service designed primarily to provide daily work trips within the local commuting area) is excluded from the definition.

While much of the public transportation service provided under Section 5311 covers large distances because of the nature of the areas served, not all long distance trips are included in the definition of intercity service. Similarly, service that only stops at an intercity bus facility among other destinations within the city at either end of a route that covers a long distance, without regard to scheduled connections, is eligible for Section 5311 assistance as public transportation, but is not an intercity feeder service.

A public entity operating or contracting for intercity bus service is not required to provide complementary paratransit service for individuals with disabilities who are unable to use the fixed route intercity bus service.

Intercity bus service is a vital link between otherwise isolated rural communities and the rest of the nation. In recent years the major intercity carriers have abandoned many less productive routes. Patronage generated in rural areas, however, appears to be important to the continuing viability of the remaining intercity routes. One objective of the funding for intercity bus service under Section 5311, therefore, is to support meaningful connections between non-urbanized areas and scheduled intercity bus service in urban areas to more distant points. Intercity services accommodate baggage carried by passengers. Another objective is to support services to meet the intercity travel needs of residents in non-urbanized areas.

J. SCHOOL BUS REQUIREMENTS

Grantees are prohibited from providing exclusive school bus service unless the service qualifies under an allowable exemption and is approved by the FTA Administrator. In no case can FTA-funded equipment or facilities be used to provide exclusive school bus service.

1. Do you provide school “tripper” service?

A tripper is an extra bus that is added to a route to provide capacity or service that cannot be accommodated by the buses already in service.

If yes, does the tripper service meet the following criteria to be considered public transit service?

- a. Service is regularly scheduled?
- b. Buses are clearly marked as open to the public?
- c. Buses have no special designations (e.g., school bus, school special)?
- d. Buses use regular bus stops?
- e. Service is noted on published schedules?

If not, the service does not qualify as public transit service and cannot be provided with FTA-funded equipment or out of FTA-funded facilities.

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Please note: Agencies may work with schools for donations in exchange for students receiving transit passes. This is common with college and universities but there can be no exclusive service contract.

K. FEDERAL MOTOR CARRIER SAFETY LICENSES

All non-municipal operators are subject to Federal Motor Carrier Safety Regulations. Contact the Federal Highway Administration, Office of Motor Carriers, 234 North Central, Suite 330, Phoenix, AZ 85004, (602) 379-6851.

L. DRUG & ALCOHOL REQUIREMENTS

The Drug-Free Workplace Policy is part of the Federal government's effort to eliminate the use of illegal and controlled substances from the workplace. This includes any substance that alters the senses or could affect one's ability to function in one's job.

ADOT AND FTA REQUIREMENTS

ADOT has adopted a Drug & Alcohol-Free Workplace Policy. In addition to the Department, Subrecipients which receive FTA funds must comply with the regulations contained in 49 CFR Part 40, Procedures for Transportation Workplace Drug Testing Programs and 49 CFR Part 655, Prevention of Alcohol Misuse and Prohibited Drug Use in Transit Operations. All agencies should post a drug free workplace announcement / poster in an area that their employees can easily see.

Safety sensitive functions are defined as those duties that include operation of revenue vehicles (whether or not in revenue service), operation of a non-revenue service vehicle when required to be operated by a holder of a Commercial Driver's License, controlling the movement or dispatch of the vehicles, and maintenance of vehicles (unless in the case of the Rural Public Transportation programs 5311, 5307 or 5309 in an area less than 200,000 in population and contracts out such services), security personnel who carry firearms, and supervisors who could perform any of the above responsibilities.

The Implementation Guidelines for Drug and Alcohol Regulations in Mass Transit updates the document revised in November 2003 (FTA-OH-26-001-94-1). The revised Implementation Guidelines summarize and interpret Part 655. The Implementation Guidelines and the Best Practices Manual, updated in 2008 are intended to be used together. The Implementation Guidelines communicates to readers the requirements and the Best Practices explain compliance. To obtain a copy of The Implementation Guidelines for Drug and Alcohol Regulations in Mass Transit, go to: http://transit-safety.fta.dot.gov/publications/substance/ImplementationGuidelines/ImplementationGuidelines_Oct2009.pdf

GRANTEE REQUIREMENTS

FTA requires each grantee to establish a policy that defines its Drug and Alcohol Testing Program and requires the entity's governing body to formally adopt the policy. An entity's governing body is the board of directors or highest-ranking officials. The person who is primarily responsible for implementing and managing the program usually guides development of the initial draft of the policy and presents it to the governing body for review and approval. It is generally useful to involve top management officials, union officials (if the employees are represented) and local legal counsel in reviews of the draft policy.

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The policy must indicate proof of governing board adoption. Some entities include a header on their entire document that contains the policy number, adoption date, and appropriate signature. Other common methods include notating in the policy the date of the adoption and the ability to review the documentation upon request, a page documenting meeting minutes, or a formal adoption page complete with signatures. Another method is to include it as an appendix.

Although policies must be changed, readopted, and redistributed to reflect significant regulatory revisions, policy re-adoption is not necessary for minor regulatory changes. The same applies to minor changes in the policy statement such as the name of the entity's new Drug and Alcohol Program Manager, Medical Review Officer (MRO), Substance Abuse Professional (SAP), collection site, or testing laboratory. Such changes are often included in an appendix and described in a form distributed to safety-sensitive employees. The current revision date should also be indicated in the policy document.

Policy Statement

At a minimum, transportation operators and their subcontractors must adopt a policy which details the prohibited behaviors, testing requirements, identified sources of assistance for substance abuse problems, and the consequences for refusal to take tests and for positive drug and alcohol results.

Employee and Supervisor Education

Transportation operators must have a training program for all employees in safety sensitive positions that are compliant with the regulation. Employees must be trained prior to assuming their duties. The policy must include a community service "hotline" telephone number and the name of a person where employees can obtain assistance. In addition, supervisors who have the responsibility and authority to refer employees for testing under reasonable cause must receive additional training in manifestations and behavioral cues indicative of drug and alcohol use and abuse.

Your application should contain a list of managers who completed supervisor training. The application package also includes Substance Abuse Program Implementation Checklist that must be completed by continuing project applicants.

Substance Abuse Testing Program

Section 5311 recipients must be in compliance with the FTA Drug & Alcohol Testing Program. Transportation operators must test employees who perform safety sensitive functions for the use of six prohibited drugs: marijuana, cocaine, opiates, phencyclidine (PCP), MDMA (ecstasy) and amphetamines and for alcohol. There are potentially six conditions which testing is mandatory:

Pre-employment and/or Pre-duty - Testing for drugs and the receipt of a negative test result is required prior to an employee performing in a safety sensitive position and before a current employee is transferred into a safety sensitive position. A pre-employment test is also required when a current employee who has not performed safety sensitive duties for more than 90 days **and** has been removed from the random pool, is brought back to work to perform safety sensitive duties.

Reasonable Cause - Testing is required when an employee in a safety sensitive function is observed by a trained supervisor to be exhibiting behavior indicative of drug or alcohol abuse. The decision to perform a "Reasonable Suspicion" test must be made based on specific contemporaneous, articulable

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observations concerning the appearance, behavior, speech, or body odor of the safety-sensitive employee. Reasonable Cause testing for drugs may be done anytime a safety sensitive employee is on duty. Reasonable Cause testing for alcohol may only be done just prior to, during or immediately after an employee has performed a safety sensitive duty.

Post – Accident - Testing is mandatory when an incident meets the FTA thresholds defining an accident. The thresholds for performing a test are as follows:

1. Any safety sensitive employee, who is involved in an accident where there is a loss of life, must submit to drug and alcohol testing. Additionally, any safety sensitive employee not directly involved in the accident, but whose performance could have contributed to the accident as determined by the employer shall be tested.
2. Whenever any individual involved in an accident is transported away from the scene for immediate medical treatment as a result of the accident. All safety-sensitive employees must be tested unless their behavior can be completely discounted as a contributing factor to the accident.
3. Whenever one or more vehicles incurs disabling damage as a result of the accident which requires the vehicle being towed away from the scene by a tow truck or other vehicle, testing is required (unless the employee's behavior can be completely discounted as a contributing factor).

Random: The random selection of employees is conducted in a scientific manner from a pool of safety sensitive employees ensuring that the employee has the same chance of being selected for testing every time there is a random selection done; The minimum random testing rate is set by the FTA and the testing must be spread over 12 months, in an unpredictable, unannounced manner. Testing must also be spread over all hours/days of operation. Testing must be performed immediately upon notification of the employee.

Should the agency choose to retain the employee who refuses to test or has a positive drug or alcohol test result, the following additional conditions require testing of the employees:

Return-to-Duty - Testing of the employee is required after a policy violation resulting in a positive drug or alcohol test or the refusal to test. If the employer wants to return the employee to safety sensitive duties the employee must be evaluated by a Substance Abuse Professional (SAP) and once the SAP recommends the employee is ready to return to duty a negative drug and/or alcohol test must be required by the employer.

Follow-up-Testing - Any employee who has tested positive on a drug test or .04 or greater on an alcohol test or refused to be tested, must be evaluated by a Substance Abuse Professional. Upon the completion of the return to duty testing requirement, the SAP will prescribe the number of unannounced tests in addition to the usual conditions of testing that must be performed. The tests must be a minimum of 6 within the first 12 months of returning to work and can continue up to 60 months.

Reporting Procedures

Transportation operators must certify compliance and submit reports to ADOT on an annual basis as per 49 CFR Part 40. The reports shall be submitted on the appropriate form and shall consist of the requirements stated within the regulation which includes but is not limited to the number and results of

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drug and alcohol tests on the forms provided within the federal register or within the FTA implementation Guidelines. Failure to certify compliance or submit the required reports will result in the suspension of your system's eligibility for operating and capital funding.

Implementation in Arizona

When you implement the drug and alcohol regulations, you will affect all aspects of your operation including boards or commissions, the employee, the personnel system, and sub contractors.

If you as the grantee subcontract services, you are responsible for ensuring that sub contractors are in compliance with the regulations that will require monitoring of their programs. In addition, you must also create new contractual relationships with appropriately qualified medical experts and certified drug testing laboratories and certified alcohol testing facilities, equipment and technicians. All Arizona Rural Public Transit projects will be required to comply with and participate in ADOT's drug and alcohol program.

For those Subrecipients without their own contracted testing programs, ADOT will assist the agency by supplying guidance.

M. APPLICANTS CERTIFICATIONS AND ASSURANCES

ADOT's Multimodal Planning Division is responsible for ensuring sub-recipient compliance with applicable Federal requirements. Federal Certifications and Assurances are published annually and must be signed prior to the contract execution. ADOT will notify all current grantees when new Federal Certifications and Assurances are required.

N. NATIONAL TRANSIT DATABASE (NTD)

The FTA requires each designated recipient under the Section 5311 program to submit annual rural data through the National Transit Database (NTD). The NTD is the system through which the FTA collects uniform data needed by the Secretary of Transportation to administer department programs. FTA requires each State DOT receiving funds under the Section 5311 program to submit an annual report for each Section 5311 transit agency. Each grantee must provide information on annual revenue, operations, and services provided. The reporting period is July 1st through June 30th.

O. SAFETY AND SECURITY

As part of the Federal Transit Administration (FTA), eligible Section 5311 Subrecipients are required to comply with guidance contained in the Emergency preparedness, Response and Recovery requirements in the FTA Security Initiative. One of the requirements involves the completion of a Safety, Security and Emergency Preparedness Plan (SSEPP). ADOT-Section 5311 staff are committed to exploring coordinated approaches to assist grantees in implementing a disaster safety and emergency evacuation plan, with a focus on ensuring business continuity during emergencies and providing effective evacuation support. Safety has always been a priority for the Federal Transit Administration (FTA). The FTA has made it clear that all transit systems in the Section 5311 program must identify their role in their respective communities by being ready to respond to a crisis; be it man made or natural disaster. ADOT has the responsibility to assure that written plans are prepared and implemented.